SASKATCHEWAN TRANSPORTATION COMPANY

2018-19 ANNUAL REPORT

STC
The Bus Company

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LETTER OF TRANSMITTAL

Regina, Saskatchewan
May 29, 2019

To His Honour
The Honourable W. Thomas Molloy, O.C., S.O.M.
Lieutenant Governor of the Province of Saskatchewan

Your Honour:

I have the honour to submit herewith the Annual Report of the Saskatchewan Transportation Company for the twelve month year ended March 31, 2019, in accordance with *The Crown Corporations Act, 1993*. The financial statements are in the form approved by Crown Investments Corporation of Saskatchewan as required by *The Financial Administration Act, 1993* and have been duly certified by the Company's auditors.

Joe Hargrave
Minister Responsible for Saskatchewan Transportation Company

MANAGEMENT DISCUSSION & ANALYSIS

Introduction

The following Management Discussion & Analysis (MD&A) provides insight into the Saskatchewan Transportation Company's (STC or the Company) operations for the twelve months ended March 31, 2019. The MD&A provides management's perspective of the Company for the previous twelve-month year and should be read in conjunction with STC's March 31, 2019 audited financial statements and accompanying notes.

On March 22, 2017, the Government of Saskatchewan announced that operating and capital subsidies would cease in the 2017-18 fiscal year resulting in the wind up of the Company. STC's vehicular operations ended May 31, 2017, and the Company surrendered its operating authority certificate to the Saskatchewan Highway Traffic Board on June 1, 2017. Since the announcement, STC and the Government of Saskatchewan have been committed to the completion of the wind up by March 31, 2019.

On March 31, 2019, in accordance with Orders in Council 197/2017 and 99/2018, STC legally dissolved. The majority of the Company's assets have been sold and most of the Company's liabilities have been settled. All residual assets, liabilities and equity were transferred to CIC by way of a dividend. In addition, with STC's dissolution, the services of the STC Board of Directors and executive officers concluded on March 31, 2019.

This Annual Report provides the Company's audited financial statements and accompanying notes for the year ended March 31, 2019, with comparative financial information for the year ended March 31, 2018. These financial statements and corresponding notes reflect certain events that occurred during 2018-19 and have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board.

Financial Performance

Following the cessation of STC's vehicular operations on May 31, 2017, STC's focus has been on winding up the Company. Financial results for the twelve months ended March 31, 2019 reflect STC's continued wind up efforts. Comparative values for the twelve months ended March 31, 2018 reflect two months of vehicular operations, its contractual obligations with Greyhound Canada (discontinued on September 29, 2017) and wind up activities including the sale of STC's assets.

During the twelve months ended March 31, 2019, the Company experienced a loss of $38 thousand compared to income of $26,609 thousand reported for the twelve months ended March 31, 2018. The additional income in 2017-18 reflects income earned through the sale of STC's assets.

Total Revenue

STC's total revenue was $117 thousand for the twelve months ended March 31, 2019. The revenue is related to bank interest earned. Comparatively, for the twelve months ended March 31, 2018, STC recognized $2,466 thousand in revenue. The 2017-18 revenue primarily reflects two months of vehicular operations including:

- Express services - $1,130 thousand;
- Passenger services - $931 thousand; and,
- Other services - $405 thousand.

Financial Performance (continued)

Total Revenue (continued)

In 2017-18, revenues included a gain on disposal of property, equipment and assets held for sale of $11,093 thousand.

Total Expenses

STC incurred $155 thousand in expenses for the twelve months ended March 31, 2019. The costs were required to maintain STC's remaining property and for wind up activities. During the period, adjustments were made to lower remaining salary and wage obligations (estimated and accrued in 2016-17) by $218 thousand as costs were reasonably estimated and assured. The adjustments did not impact cash. Comparatively, for the twelve months ended March 31, 2018, STC incurred $10,731 thousand in expenses relating to:

- Operating - $4,033 thousand;
- Salaries, wages and benefits - $5,333 thousand; and,
- Depreciation and impairment - $1,365 thousand.

The decline of $10,576 thousand in expenses from 2017-18 reflects the discontinuation of vehicular operations.

Operating and Capital Grants

STC operations were historically subsidized through grants received from CIC. Each year, STC submitted its grant requirements to CIC for review and approval. During the twelve months ended March 31, 2019, STC did not receive operating grant funding from CIC (December 31, 2017 - $11,550 thousand of the authorized $17,100 thousand).

STC did not require capital grant funding for 2018-19. However, during the year, STC was able to repay $2,080 thousand in capital grant funding to CIC related to the Regina maintenance facility. The repayment resulted in the removal of $2,080 thousand in deferred capital grant from the statement of financial position.

Wind Up

During the twelve months ended March 31, 2019, STC continued its work to ensure that the best value is achieved for the Province of Saskatchewan in liquidating the Company's remaining assets and retiring its remaining obligations. On February 15, 2019, STC entered into an agreement for the sale of the final property; the Regina maintenance facility. The sale closed on April 30, 2019.

To facilitate STC's dissolution, in accordance with Orders in Council 197/2017 and 99/2018, all residual assets, liabilities and equity were transferred to CIC by way of a dividend on March 31, 2019. CIC has also taken the responsibility of handling all matters involving STC, including the resolution of all remaining obligations.

FINANCIAL STATEMENTS

Management's Responsibility for Financial Reporting

Management has prepared the financial statements of the Company in accordance with International Financial Reporting Standards. The financial data included elsewhere in this report is consistent with the financial statements and the underlying information from which the Company prepared these financial statements.

Management has the primary responsibility for the integrity and objectivity of the financial statements. To fulfil this responsibility, the Company maintains appropriate systems of internal controls, policies and procedures. These systems provide reasonable assurance that assets are safeguarded and that the books and records reflect the authorized transactions of the Company.

MNP LLP, the Company's external auditors, have examined the March 31, 2019 financial statements, and their report follows.

The Board of Directors of Crown Investments Corporation of Saskatchewan has examined and approved the statements.

On behalf of the Company,

Kyla Hillmer
President and Chief Executive Officer

Travis Massier
Chief Financial Officer

May 29, 2019

Annual Statement of Management Responsibility

I, Kyla Hillmer, the President and Chief Executive Officer of the Saskatchewan Transportation Company, and I, Travis Massier, the Chief Financial Officer of the Saskatchewan Transportation Company, certify the following:

a. That we have reviewed the financial statements included in the Annual Report of the Saskatchewan Transportation Company. Based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report, fairly present, in all material respects the financial condition, results of operations, and cash flows, as of March 31, 2019.

b. That based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report of the Saskatchewan Transportation Company do not contain any untrue statements of material fact, or omit to state a material fact that is either required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made.

c. That the Saskatchewan Transportation Company is responsible for establishing and maintaining effective internal controls over financial reporting, which includes safeguarding of assets and compliance with applicable legislative authorities; and the Saskatchewan Transportation Company has designed internal controls over financial reporting that are appropriate to the circumstances of the Saskatchewan Transportation Company.

d. That the Saskatchewan Transportation Company conducted its assessment of the effectiveness of the Company's internal controls over financial reporting and, based on the results of this assessment, the Saskatchewan Transportation Company can provide reasonable assurance that internal controls over financial reporting as of March 31, 2019 were operating effectively and no material weaknesses were found in the design or operation of the internal controls over financial reporting.

Kyla Hillmer
President and Chief Executive Officer

Travis Massier
Chief Financial Officer

May 29, 2019

Independent Auditor's Report

To the Members of the Legislative Assembly of Saskatchewan:

Opinion

We have audited the financial statements of Saskatchewan Transportation Company ("STC"), which comprise the statement of financial position as at March 31, 2019, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of STC as at March 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of STC in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that STC was legally dissolved on March 31, 2019, in accordance with Orders in Council 197/2017 and 99/2018

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing STC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate STC or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing STC's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor’s Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of STC’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on STC’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause STC to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

MNP LLP

Regina, Saskatchewan
May 29, 2019 — Chartered Professional Accountants

Statement of Financial Position
As at

		March 31, 2019		March 31, 2018
		(in thousands)		
Assets				
Current Assets				
Cash	**$**	-	$	3,965
Accounts receivable (note 5)		-		4,949
Prepaid expenses		-		72
Assets held for sale (note 7)		-		2,090
	$	-	$	11,076
Liabilities and Province's Equity				
Liabilities				
Current liabilities				
Trade and other payables (note 9)	**$**	-	$	2,884
Deferred capital grant (note 12)		-		2,080
		-		4,964
Province of Saskatchewan's Equity				
Retained earnings (note 6)		-		6,112
	$	-	$	11,076

See accompanying notes

Approved by the Crown Investments Corporation of Saskatchewan Board on May 29, 2019

Director

Director

Statement of Comprehensive (Loss) Income

For the Year Ended

	March 31, 2019	March 31, 2018
	(in thousands)	
Revenue		
Express services	**$ -**	$ 1,130
Passenger services	-	931
Other (note 11)	**117**	405
Gain on disposal of property and equipment and assets held for sale	-	11,093
	117	13,559
Expenses		
Operating costs other than those listed below	**373**	4,033
Salaries, wages and short-term employee benefits	**(218)**	5,333
Depreciation and impairment (note 8)	-	1,365
	155	10,731
(Loss) earnings before the following	**(38)**	2,828
Operating grant (note 12)	-	11,550
Capital grant (note 12)	-	12,231
Total comprehensive (loss) income	**$ (38)**	$ 26,609

See accompanying notes

Statement of Changes in Equity

Attributable to the Province of Saskatchewan	
	Total Equity
	(in thousands)
Balance at April 1, 2017	$ 1,503
Total comprehensive income	26,609
Dividends	(22,000)
Balance at April 1, 2018	**6,112**
Total comprehensive loss	**(38)**
Dividends (note 6)	**(6,074)**
Balance at March 31, 2019	**$ -**

See accompanying notes

Statement of Cash Flows

For the Year Ended

		March 31, 2019		March 31, 2018
		(in thousands)		
Operating activities				
Total comprehensive (loss) income	**$**	**(38)**	$	26,609
Items not involving cash:				
Depreciation and impairment (note 8)		-		1,365
Gain on disposal of property and equipment and assets held for sale		-		(11,093)
Recognition of capital grant (note 12)		-		(12,231)
Net change in non-cash working capital (note 14)		**2,300**		(8,844)
Cash provided by (used in) operating activities		**2,262**		(4,194)
Investing activities				
Additions to property and equipment (note 8)		-		(82)
Proceeds on disposal of property and equipment and assets held for sale		-		27,618
Cash provided by investing activities		-		27,536
Financing activities				
Capital grant returned (note 12)		**(2,080)**		(645)
Increase in deferred revenue		**525**		-
Dividend to CIC (note 6)		**(4,672)**		(22,000)
Cash (used in) financing activities		**(6,227)**		(22,645)
(Decrease) increase in cash		**(3,965)**		697
Cash, beginning of the year		**3,965**		3,268
Cash, end of the year	**$**	-	$	3,965

See accompanying notes

Notes to Financial Statements

March 31, 2019

1. Status of the company

The Saskatchewan Transportation Company (STC or the Company) was originally established in 1946 by Order in Council 168/1946 to act as a common carrier providing passenger service transportation, parcel express and freight services. STC's powers, duties and conditions were affirmed in 1993 by Order in Council 5/1993. STC was a corporation domiciled in Canada. The address of the Company's registered office and principal place of business was 2400 College Avenue, Regina, Saskatchewan S4P 1C8.

By virtue of *The Crown Corporations Act, 1993*, STC was designated a subsidiary of Crown Investments Corporation of Saskatchewan (CIC). Accordingly, the financial results of STC are included in the consolidated financial statements of CIC.

As a provincial Crown corporation, STC was not subject to federal or provincial income taxes in Canada.

On March 22, 2017, the Government of Saskatchewan announced that operating and capital subsidies to STC would cease in the 2017-18 fiscal year resulting in the wind up of the Company. STC's vehicular operations ended May 31, 2017, and the Company surrendered its operating authority certificate to the Saskatchewan Highway Traffic Board on June 1, 2017. Since the announcement, STC and the Government of Saskatchewan have been committed to an open and transparent process of liquidating the Company's assets and settling its obligations.

On March 31, 2019, in accordance with Orders in Council 197/2017 and 99/2018, STC was legally dissolved. STC's March 31, 2019 financial statements and corresponding notes reflect the dissolution of STC and the transfer of all residual assets, liabilities, obligations, and equity to CIC. In addition, the services of the STC Board of Directors and executive officers concluded March 31, 2019.

2. Operations and financing

STC did not receive grant funding for the twelve months ended March 31, 2019 (March 31, 2018 - $11,550 thousand of the authorized $17,100 thousand for operating requirements, Order in Council 157/2017).

3. Basis of preparation

a. Going concern

STC is no longer a going concern given its wind up. As such, these financial statements reflect the liquidation of the Company's assets and settlement of the Company's obligations.

b. Statement of compliance

These financial statements have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board.

c. Basis of measurement

These financial statements have been prepared on the historical cost basis unless otherwise indicated.

3. Basis of preparation (continued)

d. Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

e. Use of estimates and judgments

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) requires management to make estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions were reviewed on an on-going basis. Revisions to accounting estimates were recognized in the year in which the estimates are revised.

Accounts receivable were stated after evaluation as to their collectability, and an appropriate allowance for doubtful accounts was provided where considered necessary. In 2017-18, depreciation was based on the estimated useful lives of property and equipment. Property and equipment were reviewed for impairment using estimates of recoverable amounts to determine if there was an impairment loss.

Judgement is required to determine when assets were held for sale and were then adjusted to the lower of carrying amount and estimated fair value less costs to sell. Certain obligations, including those related to the wind up, required judgement to estimate the most likely expenditure required to settle the obligation. The accrual for compensated absences was based on an estimate of historical usage and staffing levels.

4. Significant accounting policies

a. Cash

Cash was measured at fair value, which approximates cost.

b. Non-financial assets held for sale

Non-financial assets were classified as held for sale as their carrying amount was recovered principally through a sale transaction rather than through continuing use. This condition was regarded as met only when the sale was highly probable and the asset was available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-financial assets classified as held for sale were measured at the lower of their previous carrying amount and fair value less costs to sell.

4. Significant accounting policies (continued)

c. Property and equipment

In 2017-18, property and equipment were recorded at cost less accumulated depreciation and any provisions for impairment. Cost included expenditures that were directly attributable to the acquisition of the asset. The cost of self-constructed assets included materials, services, direct labour and directly attributable overheads.

The costs of maintenance, repairs, renewals or replacements which did not extend the useful life were recognized in comprehensive (loss) income as incurred. The costs of replacements and improvements which extended the useful life were capitalized. The cost of replacing part of an item of property and equipment were recognized in the carrying amount of the item if it was probable that the future economic benefits embodied within the part flowed to the Company and its cost was measured reliably. The carrying amount of the replaced part was derecognized. The costs of the day-to-day servicing of property and equipment were recognized in the statement of comprehensive (loss) income as incurred.

In 2017-18, when property and equipment were disposed of or retired, the related costs and accumulated depreciation were eliminated from the accounts. Any resulting gains or losses were reflected in the statement of comprehensive (loss) income for the year.

d. Depreciation of property and equipment

In 2017-18, depreciation was recorded on buildings, vehicles and other equipment on a straight-line basis over the estimated useful life of each asset. Depreciation commenced when the property and equipment was ready for its intended use. The estimated useful life of property and equipment was based on manufacturer's guidance, past experience and future expectations regarding the potential for technical obsolescence. The estimated useful lives were reviewed annually and any changes were applied prospectively.

In 2017-18, the estimated useful lives of the major classes of property and equipment were as follows:

Buildings	10 - 50 years
Vehicles	5 - 15 years
Other equipment	3 - 10 years

e. Impairment of accounts receivable

A provision for impairment was made and an impairment loss was recognized in the statement of comprehensive (loss) income when there was objective evidence that the Company would not be able to collect all of the amounts due under the original terms of the accounts receivable. The carrying amount of the receivable was reduced through the use of an allowance account. Impaired amounts were written off against the allowance account when they were assessed as uncollectible.

f. Impairment of non-financial assets

At each reporting date, the Company reviewed the carrying amount of its non-financial assets to determine whether there was any indication that those assets had suffered an impairment loss. If any such indication existed, the recoverable amount of the asset was estimated in order to determine the extent, if any, of the impairment loss.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows were discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows were not adjusted.

4. Significant accounting policies (continued)

g. Impairment of non-financial assets (continued)

If the recoverable amount of an asset was estimated to be less than its carrying amount, the carrying amount of the asset was reduced to its recoverable amount. An impairment loss was recognized in the statement of comprehensive (loss) income.

h. Financial instruments

The Company classified its financial instruments into one of the following categories: financial instruments at fair value through profit or loss and amortized cost.

All financial instruments were measured at fair value on initial recognition and recorded on the statement of financial position. Transaction costs were included in the initial carrying amount of financial instruments except for financial assets classified as fair value through profit and loss, in which case the transaction costs were expensed as incurred. Measurement in subsequent years depended on the classification of the financial instrument.

Financial instruments classified as at fair value through profit or loss were subsequently measured at fair value, with changes in fair value recognized in the statement of comprehensive (loss) income. Financial instruments classified as amortized cost were subsequently measured at amortized cost using the effective interest method.

i. Operating grant revenue

Operating grants from CIC were recognized as revenue when received.

j. Capital grant revenue

Capital grants related to depreciable property and equipment were deferred as received and were recognized as revenue over the life of the related asset. The Company recognized a portion of the capital grant as revenue each year equivalent to the amount of depreciation recognized on the assets acquired with the grant funds.

Capital grants related to the acquisition of land and related costs were recognized as a direct increase in retained earnings.

k. Revenue recognition

In 2017-18, passenger and express service revenue were generally recognized upon the completion of service. Interline passenger and express services were treated as being complete when the passenger or parcel was turned over to the connecting carrier.

Other revenues, including charter, space leasing, bus advertising, vending, bus maintenance services, and bank interest were recognized when earned.

l. Employee benefits

In 2017-18, the Company participated in a defined contribution plan. STC's contributions to the defined contribution plan were expensed during the year in which the related services were rendered by employees. The Company's financial obligation was limited to making regular payments to match the amounts contributed by the employees for current services.

5. Financial risk management

Fair value

The following summarizes the classification, carrying amounts and fair values of the Company's financial instruments:

			March 31, 2019		March 31, 2018	
	Classification	**Level**	**Carrying amount**	**Fair value**	Carrying amount	Fair value
				(in thousands)		
Cash	FVTPL	1	**$** -	**$** -	$3,965	$3,965
Accounts receivable	AC	N/A	-	-	4,949	4,949
Trade and other payable	AC	N/A	-	-	2,884	2,884

Classification details are:
FVTPL - fair value through profit or loss
AC - amortized cost

Fair value measurements were categorized into levels within a fair value hierarchy based on the nature of inputs used in the valuation.

Level 1 - Quoted prices are readily available from an active market.
Level 2 - Inputs, other than quoted prices included in Level 1, that are observable either directly or indirectly.
Level 3 - Inputs are not based on observable market data.

The fair value hierarchy is not applicable where the carrying amount approximates fair value due to the short-term nature of the financial instrument.

Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Company was exposed to credit risk through cash and accounts receivable. Cash was held with a major chartered Canadian bank and management believed the risk of loss to be minimal. The Company extended credit to its customers in the normal course of business and was exposed to credit risk in the event of non-performance by customers. The carrying amounts for accounts receivable were net of applicable allowances for doubtful accounts, which were estimated based on past experience, specific risks identified with the customer and other relevant and forward looking information. STC monitored the credit risk and credit rating of customers on a regular basis.

As at March 31, 2019, the maximum exposure to credit risk is Nil (March 31, 2018 - $8,914 thousand equal to the Company's cash - $3,965 thousand and accounts receivable - $4,949 thousand). In accordance with Orders in Council 197/2017 and 99/2018, $4,672 in cash and $3 thousand of accounts receivables were transferred to CIC on March 31, 2019 by a dividend.

5. Financial risk management (continued)

The following table sets out details of the age of accounts receivables and allowance for doubtful accounts:

	March 31, 2019	March 31, 2018
	(in thousands)	
Gross accounts receivable:		
Current	**$ -**	$ 4,949
	-	4,949
Allowance for doubtful accounts, beginning of the year	-	(130)
Accounts written off	-	12
Adjustments	-	118
Allowance for doubtful accounts, end of the year	-	-
Nets account receivable	**$ -**	$ 4,949

Current accounts receivable of $3 thousand were transferred to CIC on March 31, 2019 by way of a dividend.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty meeting its financial obligations as they become due. As at March 31, 2018, all of the Company's financial liabilities were due within the fiscal year. The company had no financial liabilities as at March 31, 2019.

6. Capital management

STC's capital structure consists of equity in the form of retained earnings. On March 31, 2019, in accordance with Orders in Council 197/2017 and 99/2018, retained earnings of $6,074 thousand were transferred to CIC by way of a dividend.

STC's dividend to CIC is comprised of:

	March 31, 2019	March 31, 2018
	(in thousands)	
Assets		
Cash	**$ 4,672**	$ 22,000
Accounts receivable	**3**	-
Prepaid expenses	**8**	-
Assets held for sale	**2,090**	-
	6,773	22,000
Liabilities		
Trade and other payables	**(174)**	-
Deferred revenue	**(525)**	-
	(699)	-
Dividend to CIC	**$ 6,074**	$ 22,000

7. Assets held for sale

In 2017-18, property and equipment expected to be disposed of by sale within the next twelve months were classified as assets held for sale on the statement of financial position. Depreciation of these assets ceased effective May 31, 2017, the date STC concluded vehicular operations. The carrying amount of these assets approximated fair value.

Assets held for sale were assessed for their estimated fair value less costs to sell using purchase bids received through a public tender process as a basis. Where the estimated fair value less costs to sell was lower than the carrying amount, the assets were considered impaired and written down to fair value less costs to sell. As a result, an impairment loss of $883 thousand was recognized as of March 31, 2018, on the statement of comprehensive (loss) income. These assets were originally purchased with capital grant funding, and therefore, the impairment loss was offset by the recognition of a corresponding $883 thousand of capital grant revenue as of March 31, 2018. As a result, assets held for sale decreased by $883 thousand and deferred capital grant decreased by $883 thousand on the statement of financial position as of March 31, 2018.

In 2018-19, STC entered into an agreement for the sale of the Regina maintenance facility to close by April 30, 2019. In accordance with Orders in Council 197/2017 and 99/2018, assets held for sale of $2,090 thousand were transferred to CIC on March 31, 2019 by way of a dividend.

			March 31, 2019	March 31, 2018
	Cost	**Accumulated Depreciation**	**Net Book Value**	Net Book Value
		(in thousands)		
Assets held for sale	**$ -**	**$ -**	**$ -**	$2,090

8. Property and Equipment

	Land	**Buildings**	**Vehicles**	**Other equipment**	**Total**
			(in thousands)		
Cost or deemed cost					
Balance at April 1, 2017	$4,654	$38,041	$18,884	$8,822	$70,401
Additions	-	3	-	79	82
Disposals	-	-	-	(431)	(431)
Assets held for sale	(4,654)	(38,044)	(18,884)	(8,470)	(70,052)
Balance at March 31, 2018	-	-	-	-	-
Depreciation					
Balance at April1, 2017	-	26,202	15,972	8,333	50,507
Depreciation	-	186	180	75	441
Impairment	-	3	-	38	41
Assets held for sale	-	(26,391)	(16,152)	(8,015)	(50,558)
Disposals	-	-	-	(431)	(431)
Balance at March 31, 2018	-	-	-	-	-
Carrying Amounts					
At March 31, 2018	$ -	$ -	$ -	$ -	$ -
At March 31, 2019	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

8. Property and Equipment (continued)

With the announcement by the Government of Saskatchewan that STC would be wound up, STC's property and equipment became available for sale following the cessation of vehicular operations. Management closely monitored the recoverable amount of its property and equipment. For these assets, the recoverable amount was determined to be the estimated fair value less costs to sell. Where the fair value less costs to sell was lower than the carrying amount, the asset was considered impaired and was written down to fair value less costs to sell.

There were also items of property and equipment that were abandoned rather than sold, such as software and licenses. For these assets the recoverable amount was determined, on an individual basis, to be the asset's value in use. The value in use as of March 31, 2018 was determined to be Nil resulting in an impairment of the remaining carrying amount. An impairment loss for these other assets of $38 thousand was recognized as of March 31, 2018, on the statement of comprehensive (loss) income. These assets were originally purchased with grant funding, and therefore the impairment loss was offset by the recognition of a corresponding $38 thousand of capital grant revenue for the year. There was no net effect on total comprehensive (loss) income. As a result of the impairment loss, property and equipment and the deferred capital grant each decreased by $38 thousand on the statement of financial position as of March 31, 2018.

9. Trade and other payables

On March 31, 2019, STC's trade and other payables were estimated at $174 thousand (March 31, 2018 - $2,884 thousand). In accordance with Orders in Council 197/2017 and 99/2018, these financial obligations were transferred to CIC on March 31, 2019 by way of a dividend.

10. Deferred revenue

During the year, STC entered into an agreement for the sale of the Regina maintenance facility to close by April 30, 2019. As part of the agreement, STC received non-refundable deposits totaling $525 thousand prior to March 31, 2019 that were treated as deferred revenue. In accordance with Orders in Council 197/2017 and 99/2018, deferred revenue of $525 thousand was transferred to CIC on March 31, 2019 by way of a dividend.

11. Other revenue

Other revenue relates to activities outside the Company's core operations and consists of the following:

	March 31, 2019	March 31, 2018
	(in thousands)	
Bus maintenance services	**$ -**	$ 37
Other	**117**	368
	$ 117	$ 405

12. Deferred grants

STC did not receive authorization to obtain operating grant funding for 2018-19 (March 31, 2018 - $11,550 thousand, Order in Council 157/2017).

During the year, STC returned/repaid $2,080 thousand in capital grant funding to CIC. The repayment resulted in the removal of $2,080 in deferred capital grant from the statement of financial position. The capital grant funding was originally received as part of Order in Council 647/2013 for structural and mechanical renovations to the Regina maintenance facility.

Deferred capital grants consist of the following:

	March 31, 2019	March 31, 2018
	(in thousands)	
Deferred capital grant, beginning of the year:	**$ 2,080**	$ 14,956
Capital grant repaid – OC 647/2013 & OC 282/2016	**(2,080)**	(645)
Capital grant revenue recognized	**-**	(12,231)
Deferred capital grant, end of the year	**$ -**	$ 2,080

13. Pension contributions

During the year, given the wind up, STC did not contribute to the Public Employees' Pension Plan (March 31, 2018 – $306 thousand).

14. Net change in non-cash working capital

	March 31, 2019	March 31, 2018
	(in thousands)	
(Increase) Decrease in:		
Accounts receivable (note 6)	**$ 4,946**	$ (3,428)
Inventories	**-**	294
Prepaid expenses (note 6)	**64**	308
	5,010	(2,826)
(Decrease) Increase in:		
Trade and other payables (note 6)	**(2,710)**	(6,018)
	$ 2,300	$ (8,844)

15. Related party transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Company by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties"). STC has elected to take a partial exemption under IAS 24 - *Related Party Disclosures* which allows government related entities to limit the extent of disclosures about related party transactions with government or other government-related entities.

Routine operating transactions with related parties were settled at prevailing market prices under normal trade terms.

15. Related party transactions (continued)

In addition, the Company pays Saskatchewan Provincial Sales Tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid were recorded as part of the cost of these purchases.

Effective November 1, 2017, CIC provided corporate administration services to the Company without charge. Effective December 18, 2017, STC executive officers were employees of CIC and received no compensation for their services.

16. Key management personnel compensation

Key management personnel consisted of the Company's directors and executive officers. In 2018-19, compensation to key management personnel consisted of short-term employee benefits (director remuneration). In 2017-18, compensation to key management personnel consisted of short-term employee benefits (director remuneration, executive salaries, incentive pay, and non-cash benefits) and post-employment benefits (Company contributions to defined contribution pension plan for executive).

In 2018-19, STC's key management personnel consisted of four independent Board members and two CIC staff members appointed by the Board as executive officers. The executive officers did not receive any benefits. As a result of STC's dissolution, the services of the STC Board of Directors and executive officers concluded March 31, 2019.

Key management personnel compensation comprised:

	March 31, 2019	March 31, 2018
	(in thousands)	
Short-term employee benefits	**$ 61**	$ 1,456
Post-employment benefits	**-**	46
	$ 61	$ 1,502

CORPORATE GOVERNANCE

STC followed a framework of rules and practices by which the Board of Directors ensured accountability, fairness and transparency.

STC's Board of Directors were stewards for the organization representing the Shareholder.

STC's approach to corporate governance practices were consistent with the guidelines set forth in the Canadian Securities Administrators (CSA) National Policy 58-201 Corporate Governance Guidelines and National Instrument 58-101 Disclosure of Corporate Governance Practices. These CSA guidelines outline national governance requirements for publicly traded companies and address areas of responsibility for effective corporate governance.

Authority

Established in 1946, the Saskatchewan Transportation Company (STC or the Company) was a Crown corporation of the Province of Saskatchewan. STC was subject to *The Crown Corporations Act, 1993*, which provided the Crown Investments Corporation of Saskatchewan (CIC), the holding company for Saskatchewan's Crown corporations, the authority to establish the direction of the Company.

STC reported to CIC on a regular basis on matters such as the financial statements, forecasts, capital expenditures and grant requirements. STC also provided ad hoc reports to CIC upon request.

Board of Directors

Role of the Board

The primary function of the STC Board of Directors (Board) was to represent the Shareholder as stewards of the Company. The Board was a statutory authority and obligation to oversee the affairs and business of the Company. The Board oversaw executive officers, and through the Chief Executive Officer (CEO), set the standards of organizational conduct and performance.

Through the Chair, the Board of Directors was accountable to the Minister Responsible for Saskatchewan Transportation Company. The Minister functioned as a link between STC and Cabinet, as well as the provincial legislature.

The CEO led the development and implementation of policies, operating budget, made recommendations and implemented board-approved initiatives and liaised with the Minister acting on behalf of the Province and Shareholder. The Minister Responsible for STC and Cabinet were tasked to communicate broad objectives for the Corporation and empowered the Board to oversee the business of the Company.

The Board had its own Terms of Reference, along with responsibilities laid out in accordance with best practices for corporate governance, as developed by the Canadian Securities Administrators.

Board Priorities and Risk Oversight

In 2018-19, the Board of Directors continued to focus on their oversight role, duties, and responsibility to ensure remaining matters that could positively impact the organization's financial performance and risk mitigation during the wind up and dissolution of STC were substantially addressed and complete.

Board Composition

The STC Board consisted of independent directors who were appointed for a set term by the Lieutenant Governor in Council. The Lieutenant Governor in Council also designated the Chair and Vice-Chair of the Board.

Because of the dissolution of STC, the appointments of the STC Board of Directors concluded on March 31, 2019. STC would like to thank the following members of the Board of Directors for their time dedicated to the Company:

Mitchell Holash, Q.C. - Board Chair

Mitchell Holash, Q.C. is a senior partner with Novus Law Group based in Prince Albert, having been awarded the professional distinction of Queen's Counsel. Mr. Holash is currently Chairman of the Board of Directors for Saskatchewan Polytech and Chairman of the Saskatchewan Honours Advisory Council. He has also served as Chairman of the Saskatchewan Police Commission, as the Governance Committee Chairman for SaskPower, as a Director of the Saskatchewan Arts Board and Saskatchewan Sports Hall of Fame, and as Vice Chair and Trustee for the Saskatchewan Foundation for the Arts. He is appointed nationally to the Oversight Committee for the Indian Residential School Adjudication Secretariat. Mr. Holash has been awarded the Saskatchewan Volunteer Medal, the Saskatchewan Centennial Medal and the Saskatchewan Association of Community Planners Community Development Award and has been a recipient of both Prince Albert's Citizen of the Year and Sportsman of the Year Awards.

Jocelyn Hutchinson - Board Vice-Chair

Jocelyn Hutchinson recently retired from the position of Manager of Marketing and Brand Development at IM Wireless Communications Inc., The Wireless Age, a well-established participant in Canada's wireless industry in partnership with SaskTel. Her past experience as a Regina City Councillor, Ward 2 from 2006 to 2012 afforded her the opportunity to participate in the City's senior decision-making and policy body. Currently she is Honorary LCol. of the Saskatchewan Dragoons and CFLC Board Member. Mrs. Hutchinson was also Past President of Regina Queen City Kinette Club, a Committee Member of Kinsmen Telemiracle Organizing Committee and continues to be a regular participant in local charities and community organizations.

Bradley S. Sylvester

Bradley S. Sylvester has forty-two years of sales, marketing and leadership experience in consumer-packaged goods and retired in July 2017 as National Account Manager for Sofina Foods Inc. He is currently serving as Chair of the Board of the Sandra Schmirler Foundation, a member of the Parkinson Society Canada Saskatchewan Advisory Board, as Vice Chair of the District Planning Commission for Saskatoon and RM of Corman Park. He was a member of the Board of Directors of Information Services Corporation until May 2016 and is past Chair of the Canada Celebrates Optimist Canada Day from 2003-2017. Mr. Sylvester was recognized for his contributions to his community with the Saskatchewan Centennial Medal in 2005, the Toyota Never Quits Award in 2006 and the Queen Elizabeth Diamond Jubilee Commemorative Medal in 2013. He attained the Chartered Director (C.Dir.) designation from McMaster University in 2012.

Kim Wondrasek

Kim Wondrasek is the owner and operator of the Langenburg ESSO. She, her husband Troy, and another couple built the gas station, convenience store, bakery and car wash in 2015. Mrs. Wondrasek has ten years of project experience in economic development as past Business Coordinator for Parkland College, CEO of the Saskatchewan East Enterprise Region and Yellowhead Regional Economic Development Association, and continues to lead strategic planning sessions around the province. She has served one term on the Town of Langenburg Council and was on the inaugural Board of Directors for the Family & Friends Community Foundation. Mrs. Wondrasek continues to participate in local charities and community organizations, including Langenburg & District School Project Inc., and as past President of the Saskatchewan Economic Development

Board Composition (continued)

Kim Wondrasek (continued)

Association. She was awarded her Ec.D. designation from the Economic Development Association of Canada, as well as an Economic Development Certificate from the University of Waterloo.